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27 June 1950

MEMORANDUM FOR: The Executive, CIA

OGC HAS REVIEWED.

THROUGH: The Budget Officer

SUBJECT: Bonding of Accountable Officers and Employees

REFERENCE: (a) Public Law 110, Section 10(a), Paragraph (1).
(b) Report No. 2237 from the Committee on Expenditures in the Executive Department concerning bill H. R. 8706.

1. H. R. 8706 is a bill to require the Heads of Executive Departments and independent agencies to obtain blanket, position schedule, or other type of surety bonds to cover their employees who are now required by law or administrative ruling to be bonded, and to authorize the payment of the premiums on such bonds from funds available for administrative purposes. In all instances where the individual, blanket, or position bond premium will exceed \$500, the bill proposes that the bond will be procured by the General Services Administration from the lowest responsible bidder after prior advertisement.

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anonymity. Since H. R. 8706 apparently is designed to provide bonding legislation for all Government departments and agencies, and since the bonding mechanics contemplated are incompatible with CIA's security requirements, it is recommended that legislative liaison be undertaken to ensure that CIA is not included accidentally or intentionally in the bill.

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4. The policy of CIA in bonding Accountable Officers handling confidential funds has been submitted for review many times. Although improvements have been made, a sound bonding policy has been impossible due to the security hazards of bonding the majority of Accountable Officers. At the present time only those individuals engaged in relatively non-critical operational activities have been bonded at all. Only if it was felt reasonably secure to reveal the names of specific individuals to a specific surety company have bonds been secured.

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Chief, Finance Division

cc: Budget Officer
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